

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

IN RE: QUALCOMM LITIGATION

Case No.: 3:17-cv-108-GPC-MDD

**ORDER DENYING APPLE'S  
MOTION FOR PARTIAL  
JUDGMENT ON THE PLEADINGS**

[ECF No. 593]

Before the Court is Apple’s Motion for Partial Judgment on the Pleadings on Count IV of Qualcomm’s Counter Complaint. Count IV seeks a declaration that Qualcomm has satisfied and discharged its FRAND commitment to ETSI with respect to patent portfolio offers made to Apple. Apple moves to dismiss this declaratory judgment claim contending that this Court does not have subject-matter jurisdiction over it because the facts do not present a definite and concrete controversy and the requested declaratory relief would not bind Apple. Qualcomm responds that a declaration that its portfolio licensing offers comply with FRAND would inoculate it from a future breach of FRAND action and would operate to forfeit Apple’s rights under FRAND.

A hearing on the motion was held on January 25, 2019. The Court has reviewed Apple’s motion, Qualcomm’s response (Dkt. No. 625), Apple’s reply (Dkt. No. 660), all other pertinent documents in the record, and the relevant law. For the reasons set forth below, the Court **DENIES** Apple’s motion for partial judgment on the pleadings.

## I. BACKGROUND

## A. FRAND Framework

“For a cellular network to operate . . . carriers, base station manufacturers, mobile wireless device manufacturers, and baseband processor chipset manufacturers must agree to follow a common set of standard, which control how each party of a network communicates with the other parts.” Apple FAC ¶ 30, Dkt. No. 137. Accordingly, cell service providers, baseband processor chipset manufacturers, and wireless device manufacturers have formed and joined standard setting organizations (“SSOs”) which create and distribute common standards for all members to follow. *Id.* The European Telecommunications Standards Institute (“ETSI”) is one of the most important and influential SSOs in the cellular communications industry.

Qualcomm and Apple are both members of ETSI, an SSO based in France. *Id.* ¶ 44. ETSI produces globally accepted standards for the telecommunications industry. *Id.* ¶ 44. ETSI requires participants to commit to abide by its Intellectual Property Rights (“IPR”) Policy. *Id.* ¶ 45. The IPR Policy requires that SEP owners submit a written commitment that they are prepared to grant irrevocable licenses on FRAND terms. *Id.* ¶ 46. The “FRAND commitment” is a contractual obligation between the SEP holder and the SSO.

Qualcomm holds SEPs that are integral to practicing ETSI's 3G and 4G standards. According to Apple, Qualcomm is contractually obligated to grant licenses on FRAND terms to these patents to Apple and other manufacturers of products that, through the baseband processor chipsets they use, conform to ETSI standards, as well as to third-party suppliers of baseband processor chipsets. *Id.* ¶ 49. Apple asserts that it is a third-party beneficiary of the contracts between Qualcomm and ETSI. *Id.* ¶ 50.

## B. The Parties' Negotiations for a Direct License

Qualcomm and Apple engaged in negotiations regarding a direct license agreement from 2015 to 2017. Qualcomm SACC ¶ 20, Dkt No. 489. On June 15, 2016, Qualcomm offered Apple a license to Qualcomm's Chinese 3G and 4G cellular SEPs. *Id.* ¶ 180. On

1 July 15, 2016, Qualcomm provided Apple with an offer for a license covering  
 2 Qualcomm’s “rest of world” (other than China) 3G and 4G cellular SEPs. *Id.*  
 3 Qualcomm claims that these offers complied with its FRAND commitment. *Id.* ¶ 181.  
 4 Apple allegedly responded to Qualcomm’s offer by accusing Qualcomm of breaching its  
 5 FRAND commitment and making a purportedly unreasonable counteroffer that rejected  
 6 Qualcomm’s offer. *Id.* ¶ 189.

7 C. The Parties’ Pleadings

8 In its First Amended Complaint, Apple advanced numerous claims against  
 9 Qualcomm, including claims for declaration of FRAND royalties for nine patents-in-suit.  
 10 Qualcomm avoided any FRAND determination on individual patents when it extended a  
 11 covenant not to sue Apple as to these nine patents. Thereafter, Qualcomm moved for and  
 12 obtained an order dismissing the FRAND based claims for the nine patents-in-suit.

13 Currently, FRAND royalty based claims make up a part of Apple’s monopolization  
 14 claim. Apple FAC at 142. In Count LXII of Apple’s FAC, Apple claims that  
 15 Qualcomm’s conduct “constitutes unlawful monopolization of the market for CDMA and  
 16 premium LTE chipsets in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.” *Id.*  
 17 Apple alleges that “[s]ince at least 2007, Qualcomm has engaged in systematic,  
 18 continuous conduct to exclude competition in the relevant chipset markets.” *Id.* ¶ 623.  
 19 Apple’s theory is that “Qualcomm’s anticompetitive and exclusionary conduct is a multi-  
 20 faceted but synergistic whole, with each of the parts making possible and reinforcing the  
 21 effects of the others.” *Id.*

22 Apple rests its antitrust claims on the following pillars of Qualcomm’s  
 23 exclusionary conduct: (i) refusing to deal with competitors, in contravention of its  
 24 FRAND commitments, (ii) gagging Apple’s ability to challenge Qualcomm’s non-  
 25 FRAND licensing scheme, through paragraph 2 of Section 7 of the Business Cooperation  
 26 and Patent Agreement (“BCPA”), (iii) tying the purchase of its chipsets to the licensing  
 27 of its SEPs; and (iv) requiring exclusivity from Apple as a condition of partial relief from  
 28 Qualcomm’s exorbitant and non-FRAND royalties.” *Id.* ¶ 624.

1       First, Apple contends that Qualcomm’s refusal to offer SEP licenses on FRAND  
2 terms to its competitors is an unlawful refusal to deal with competitors and an act of  
3 monopolization under the Sherman Act. *Id.* ¶ 625. Apple alleges that Qualcomm has  
4 been unwilling since 2008 to license its SEPs to competing chipset manufacturers, and  
5 that according to the KFTC, Qualcomm has refused to license its SEPs to Samsung, Intel,  
6 and VIA Telecom. *Id.* ¶¶ 179, 182. Apple claims that the effect of this conduct is that it  
7 “eliminates the ability of Apple and other mobile device suppliers to purchase chipsets  
8 from Qualcomm’s competitors without also paying royalties to Qualcomm, and thus  
9 exposes Apple and other mobile device suppliers to the threat of exorbitant non-FRAND  
10 royalties.” *Id.* ¶ 183.

11       Second, Apple alleges that the BCPA’s “gag clause” violates the Sherman Act by  
12 preventing Qualcomm’s illegal scheme from coming to light and shielding Qualcomm’s  
13 non-FRAND licensing scheme from scrutiny by the judiciary and by government  
14 enforcement agencies. *Id.* ¶ 627.

15       Third, Apple alleges that Qualcomm will sell baseband chipsets only to  
16 “Authorized Purchasers” who must license a broad portfolio of patent rights, including  
17 Qualcomm’s SEPs. *Id.* ¶ 638. Apple alleges that this arrangement forced the CMs to  
18 agree to condition sales of baseband processor chipsets on the license of Qualcomm’s  
19 patent portfolio. *Id.* Apple alleges that the Authorized Purchaser requirement gives  
20 Qualcomm the power to exclude competition and harm device manufacturers, including  
21 Apple. *Id.* ¶ 639.

22       Fourth, Apple alleges that since 2011, Qualcomm has conditioned billions of  
23 dollars in payments on the express agreement by Apple to purchase chipsets exclusively  
24 from Qualcomm. *Id.* ¶ 645. Apple alleges that until recently, these payments precluded  
25 Apple from shifting a portion of its chipset purchases from Qualcomm to Qualcomm’s  
26 competitors. *Id.* ¶ 646. Apple claims that it was forced to agree to the exclusivity  
27 conditions in order to avoid paying above FRAND royalty rates. *Id.* ¶ 647.

28

1        Meanwhile, Qualcomm, in their Second Amended Counterclaims, alleges that  
 2 Apple has acted in bad faith and is an unwilling licensee who was never interested in  
 3 signing a FRAND license agreement. Qualcomm SACC ¶¶ 170-71. Qualcomm posits  
 4 that to the extent that Apple as an implementer seeks to enforce an innovator's FRAND  
 5 commitment, it must negotiate fairly and reasonably. *Id.* ¶ 103. Qualcomm alleges that  
 6 Apple is an unwilling licensee who has failed to negotiate fairly and is no longer entitled  
 7 to the benefits of Qualcomm's FRAND commitments. *Id.* ¶ 31 (citing *Unwired Planet*  
 8 *Int'l v. Huawei Techs.*, [2017] EWHC (Pat) 711, [160] (UK)).

9        **D. Apple's Motion for Partial Judgment on the Pleadings**

10        Apple moves for judgment on the pleadings on Count IV of Qualcomm's  
 11 Counterclaims, the claim for a declaratory judgment that Qualcomm satisfied its FRAND  
 12 commitments in its offer to Apple. Apple contends that the unsuccessful licensing  
 13 negotiations between the parties do not establish a definite and concrete controversy  
 14 touching the legal relations of the parties. Apple Mem. at 3, Dkt No. 593. Apple also  
 15 argues that any declaratory ruling by the Court would not resolve a legal controversy, as  
 16 it would not directly lead to a patent license between the parties. *Id.* In the alternative,  
 17 Apple asserts that the Court should decline to exercise jurisdiction over the claim in its  
 18 discretion because a ruling would constitute a nonbinding, advisory opinion. *Id.* at 4-5.

19        Qualcomm responds that it does not seek the Court's views on the parties  
 20 negotiating positions. Qualcomm Opp., Dkt No. 625 at 5. Instead, it seeks a binding  
 21 determination that it has not breached its FRAND contracts and that Apple is an  
 22 unwilling licensee. *Id.* It observes that Apple has repeatedly and consistently accused  
 23 Qualcomm of breaching its FRAND commitments to Apple, a third-party beneficiary of  
 24 Qualcomm's contracts with ETSI. *Id.* at 1. Furthermore, Qualcomm contends that its  
 25 FRAND declaratory judgment claim counters Apple's antitrust and disgorgement claims  
 26 that are based on Qualcomm's alleged FRAND violations.

27        The Court concludes that the requested FRAND declaration will not resolve  
 28 Apple's antitrust cause of action or disgorgement claims and therefore involves

1 piecemeal litigation of this claim. That is because FRAND negotiations from 2015  
 2 through 2016 play but a small part in the FRAND issues relating to the antitrust claim.  
 3 Also, given that some of the FRAND questions are woven into legal claims, jury fact  
 4 finding as to FRAND issues will be required and any declaration by the Court will  
 5 require applying jury determinations to any court declaration. As to these theories of  
 6 recovery, the requested declaration does not admit of specific relief through a degree of  
 7 conclusive character.

8       However, Qualcomm also requests a declaration that Apple is an unwilling  
 9 licensee who is no longer entitled to receive the benefits of Qualcomm's FRAND  
 10 commitment. This theory has been recognized as a legitimate basis for declaratory relief  
 11 and is legally sufficient to survive Apple's motion.<sup>1</sup> In addition, there is no likelihood of  
 12 prejudice by allowing this claim to go forward given that the parties do not dispute that  
 13 evidence regarding Qualcomm's FRAND declaratory relief claim will be admitted at the  
 14 jury trial of the antitrust claims and will not confuse the issues.<sup>2</sup>

## 15                   **II. DISCUSSION**

### 16           A. Legal Standard

#### 17           1. Rule 12(c)

18       Federal Rule of Civil Procedure 12(c) permits a party to seek judgment on the  
 19 pleadings "after the pleadings are closed—but early enough not to delay trial." Fed. R.  
 20 Civ. P. 12(c). A motion for judgment on the pleadings "challenges the legal sufficiency  
 21 of the opposing party's pleadings." *Morgan v. County of Yolo*, 436 F.Supp.2d 1152,  
 22 1154–55 (E.D. Cal. 2006), *aff'd*, 277 Fed. Appx. 734 (9th Cir. 2008). Under Rule 12(c),  
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25 <sup>1</sup> See *HTC Corp. v. Telefonaktiebolaget LM Ericsson*, No. 6:18-CV-00243-JRG, 2018 WL 6617795, at  
 \*7 (E.D. Tex. Dec. 17, 2018)

26 <sup>2</sup> *Microsoft Corp. v. Motorola, Inc.*, No. C10-1823JLR, 2012 WL 395734, at \*4 (W.D. Wash. Feb. 6,  
 2012); *VW Credit, Inc. v. Friedman and Wexler, LLC*, No. 09 C 2832, 2010 WL 2330364, at \*2 (N.D.  
 27 Ill. June 7, 2010) ("In any event, even if the counterclaim turns out to be an exact mirror image of VW  
 28 Credit's claim, which seems doubtful, the fact that the counterclaim remained pending ... would not  
 prejudice VW Credit in the slightest.").

1 a court must determine whether the facts alleged in the complaint, taken as true, entitle  
 2 the plaintiff to a legal remedy. *Chavez v. United States*, 683 F.3d 1102, 1108 (9th Cir.  
 3 2012).

4 “A district court will render a ‘judgment on the pleadings when the moving party  
 5 clearly establishes on the face of the pleadings that no material issue of fact remains to be  
 6 resolved and that it is entitled to judgment as a matter of law.’” *Enron Oil Trading &*  
 7 *Transp. Co. v. Walbrook Ins. Co., Ltd.*, 132 F.3d 526, 529 (9th Cir. 1997) (quoting  
 8 *George v. Pacific-CSC Work Furlough*, 91 F.3d 1227, 1229 (9th Cir. 1996)). “All  
 9 allegations of fact by the party opposing the motion are accepted as true, and are  
 10 construed in the light most favorable to that party.” *Gen. Conference Corp. of Seventh-*  
 11 *Day Adventists v. Seventh-Day Adventist Congregational Church*, 887 F.2d 228, 230 (9th  
 12 Cir. 1989).

13 2. Subject-Matter Jurisdiction

14 “It is a fundamental principle that federal courts are courts of limited jurisdiction.”  
 15 *Stock W., Inc. v. Confederated Tribes of the Colville Reservation*, 873 F.2d 1221, 1225  
 16 (9th Cir. 1989) (quoting *Owen Equip. & Erection Co. v. Kroger*, 437 U.S. 365, 374  
 17 (1978)). The party asserting jurisdiction bears the burden to establish jurisdiction. See  
 18 *Kokkonen v. Guardian Life Ins. Co. of America*, 511 U.S. 375, 377 (1994) (“It is to be  
 19 presumed that a cause lies outside [federal court] jurisdiction ... and the burden of  
 20 establishing the contrary rests upon the party asserting jurisdiction.”) (internal citations  
 21 omitted).

22 3. Declaratory Judgment Jurisdiction

23 The Declaratory Judgment Act provides that “[i]n a case of actual controversy  
 24 within its jurisdiction . . . any court of the United States, upon the filing of an appropriate  
 25 pleading, may declare the rights and other legal relations of any interested party seeking  
 26 such declaration, whether or not further relief is or could be sought.” 28 U.S.C. §  
 27 2201(a). The plaintiff seeking the declaratory judgment bears the burden of showing the  
 28 existence of an “actual controversy” sufficient to confer Article III jurisdiction. *Organic*

1 *Seed Growers & Trade Ass 'n v. Monsanto Co.*, 718 F.3d 1350, 1354 (Fed. Cir. 2013).  
 2 An actual controversy must be present at all times in the litigation. *Preiser v. Newkirk*,  
 3 422 U.S. 395, 401 (1975).

4 To determine if there is declaratory judgment jurisdiction, the Court assesses  
 5 whether “the facts alleged, under all the circumstances, show that there is a substantial  
 6 controversy, between parties having adverse legal interests, of sufficient immediacy and  
 7 reality to warrant the issuance of a declaratory judgment.” *MedImmune, Inc. v.*  
 8 *Genentech, Inc.*, 549 U.S. 118, 127 (2007). A litigant may not use a declaratory  
 9 judgment action to “obtain piecemeal adjudication of defenses that would not finally and  
 10 conclusively resolve the underlying controversy.” *Id.* at 128 n.7 (citing *Calderon v.*  
 11 *Ashmus*, 523 U.S. 740, 749 (1998)). Further, for a declaratory judgment action to satisfy  
 12 the case or controversy requirement, the dispute must “admi[t] of specific relief through a  
 13 degree of a conclusive character.” *Id.* at 127 (citing *Aetna Life Ins. Co. v. Haworth*, 300  
 14 U.S. 227 (1937)).

15 B. Analysis

16 Count IV of Qualcomm’s Second Amended Counterclaim seeks a declaration that  
 17 it has satisfied and discharged its FRAND commitments to ETSI with respect to Apple  
 18 because, among other reasons, (i) Qualcomm’s licensing offers to Apple, including its  
 19 June 2016 and July 2016 cellular SEP licensing offers to Apple satisfied Qualcomm’s  
 20 FRAND commitments to ETSI, and (ii) Apple’s unreasonable and bad-faith negotiation  
 21 tactics make it an unwilling licensee. Qualcomm SACC ¶¶ 154, 345.

22 1. Whether a FRAND Declaration Resolves Apple’s Monopolization Claim

23 Qualcomm argues that a determination that its 2016 offers comply with FRAND  
 24 admits of specific relief because Apple’s antitrust claims are premised on, among other  
 25 things, Qualcomm’s alleged breach of FRAND terms. Qualcomm Opp. at 4. This  
 26 argument fails to account for the fact that Qualcomm’s 2016 negotiations relate to a small  
 27 part of the FRAND issues before the Court and jury and will not provide relief of a  
 28 conclusive nature as to the antitrust claims.

1       First, Qualcomm's counterclaim does not overlap temporally with the FRAND  
2 claims that relate to Apple's monopolization count. Apple's antitrust claims allege  
3 conduct that began in 2008 and proceeded until at least 2016 while Qualcomm's SEP  
4 offers were made in 2016. Also, a declaration that Qualcomm made FRAND offers to  
5 Apple in 2016 does not decide Apple's related claims that Qualcomm has been unwilling  
6 to license its SEPs to competing chipset manufacturers; has employed an unlawful no  
7 license-no chip practice; and has used exclusivity and tying arrangements to build and  
8 maintain a monopoly in the chipsets market. As such, Qualcomm has failed to meet its  
9 burden that the requested relief is of a conclusive character as it relates to the antitrust  
10 cause of action.

11       Moreover, in the context of the antitrust claims, Qualcomm is asking the Court to  
12 make determinations that likely involve factual findings that the jury may be tasked to  
13 decide. Qualcomm asserts that courts routinely adjudicate declaratory judgment actions  
14 concerning existing contractual obligations such as FRAND. Qualcomm Opp. at 8.  
15 While this may be so, Qualcomm has not cited a case where courts have done so where  
16 the FRAND question was part of an antitrust case and a jury was being tasked with  
17 considering compliance of FRAND in the context of an alleged uncompetitive business  
18 model. Qualcomm's request for the Court to decide factual issues that are intertwined  
19 with legal claims that will be decided by the jury raises Seventh Amendment issues  
20 which will require further attention. "Maintenance of the jury as a fact-finding body is of  
21 such importance and occupies so firm a place in our history and jurisprudence that any  
22 seeming curtailment of the right to a jury trial should be scrutinized with the utmost  
23 care." *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935).

24       In sum, Qualcomm has failed to meet its burden that declaratory relief claim would  
25 finally and conclusively resolve Apple's antitrust claim against Qualcomm. The Court  
26 finds that, at most, the requested FRAND determination offers a piecemeal decision as to  
27 the antitrust claims which will require further decision making. Therefore, subject-matter  
28 jurisdiction is absent on this basis.

## 2. Whether Qualcomm's Offers to Apple Confer Subject-Matter Jurisdiction

a. Whether a Declaratory Judgment Would Bind Apple

Apple moves for judgment on the pleadings asserting that unsuccessful licensing negotiations between Apple and Qualcomm do not present a definite and concrete controversy, as it is not the courts' function to determine the proper outcome of a contract negotiation. Apple Mem. at 3. Apple maintains that a determination as to whether Qualcomm complied with its obligations to ETSI would necessarily require the Court to determine a FRAND rate which would not bind Apple. Apple Reply, Dkt No. 660 at 2.

Apple relies on *InterDigital Commc 'ns, Inc. v. ZTE Corp.*, No. 1:13-CV-00009-RGA, 2014 WL 2206218 (D. Del. May 28, 2014), for this argument. In that case, InterDigital engaged in separate licensing negotiations for its patent portfolio with ZTE and Nokia. Because ZTE and Nokia had not committed to signing a FRAND offer, the court found that determining a FRAND rate would only give a data point from which the parties could continue negotiations and would not lead directly to a license agreement. *Id.* at \*3. The court observed that the declaration whether InterDigital offered a FRAND rate would serve little or no useful purpose. *Id.*

Here, Apple has not agreed to be bound by any FRAND determination by the Court and posits that similar to *InterDigital*, the Court’s resolution of whether Qualcomm’s offers were FRAND and whether Apple was an unwilling licensee would not directly lead to a patent license between the parties. Apple Mem. at 3.

In response, Qualcomm asserts that Apple’s argument is off the mark in that Qualcomm is not seeking a FRAND rate and, instead, is requesting a declaration that it has complied with its FRAND obligations and that Apple has engaged in conduct that demonstrates that it is an unwilling licensee. The Court agrees and addresses the underpinnings of these requests in turn.

b. Whether Qualcomm Has Complied with FRAND Obligations and  
Apple is an Unwilling Licensee

1 Qualcomm contends that there is a definite and concrete dispute regarding whether  
2 it has complied with its contractual obligations. Qualcomm Opp. at 4. Qualcomm  
3 acknowledges it has affirmative contractual obligations with ETSI regarding FRAND  
4 commitments and that Apple can enforce that contract as a third-party beneficiary. *Id.* at  
5 5. Qualcomm points out that Apple has repeatedly alleged that Qualcomm's offers to  
6 Apple constituted a breach of its FRAND commitments. *See* Apple FAC ¶ 94  
7 ("Qualcomm has never made a worldwide offer on FRAND terms for a direct license to  
8 Apple."); *id.* ¶ 120 ("Apple immediately rejected [Qualcomm's Chinese 3G/4G license  
9 offer] because it was not FRAND."); *id.* ¶ 158 ("For nearly ten years, Qualcomm has  
10 failed to offer Apple a license for its cellular SEPs on FRAND terms.").<sup>3</sup> Qualcomm  
11 asserts that Apple's actions evidence an adversarial relationship involving an issue that is  
12 as amenable to declaratory judgments as other contracts. *Id.* at 5.

13 Qualcomm argues that under similar circumstances, courts have found subject-  
14 matter jurisdiction when a patent holder seeks a declaration that it has complied with its  
15 FRAND obligations in the face of allegations to the contrary. Qualcomm Opp. at 6. For  
16 example, in *Huawei Techs. Co. v. T-Mobile US, Inc.*, the court did exactly that. No. 2:16-  
17 CV-00715-JRG-RSP, 2017 WL 957720, at \*1 (E.D. Tex. Feb. 22, 2017), report and  
18 recommendation adopted, No. 2:16-CV-00715-JRG-RSP, 2017 WL 951800 (E.D. Tex.  
19 Mar. 10, 2017). Huawei's complaint against T-Mobile sought a declaration that Huawei  
20 had complied with its FRAND obligations during attempts to license SEPs to T-Mobile.  
21 Huawei's complaint alleged that T-Mobile asserted that Huawei's past offers were  
22 inconsistent with Huawei's FRAND obligations and that Huawei violated its commitment

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26 <sup>3</sup> Qualcomm contends that many of Apple's and the CMs' claims are premised on Qualcomm's alleged  
27 breach of its FRAND contracts. Qualcomm Opp. at 2-3. In this regard, it is important to note that  
28 Apple is seeking dismissal of Qualcomm's Count IV, which seeks a declaration that Qualcomm satisfied  
its FRAND commitments *only* with respect to its offers to Apple. That count does not seek a declaration  
about Qualcomm's licensing agreement or offers to the CMs or other parties.

1 to license its patents on FRAND terms. T-Mobile moved to dismiss on ground that the  
2 court lacked jurisdiction.

3 The court found that T-Mobile’s statements about Huawei’s offers were  
4 “consistent with the position that Huawei has breached its FRAND obligations, and  
5 Huawei’s declaratory judgment action was prompted by T-Mobile’s position.” *Id.* at \*1.  
6 The court noted that T-Mobile could file a breach of contract action against Huawei as a  
7 third-party beneficiary of Huawei’s promise to offer licenses on FRAND terms. At a  
8 hearing on the motion, T-Mobile did not clearly state that it would not file a breach of  
9 contract action if the court were to dismiss Huawei’s declaratory judgment complaint. *Id.*

10 The court stated that T-Mobile’s statements about Huawei’s FRAND obligations  
11 were analogous to the conduct required for jurisdiction over a declaratory judgment for  
12 noninfringement. *Id.* (citing *Asia Vital Components Co. v. Asetek Danmark A/S*, 837 F.3d  
13 1249, 1253 (Fed. Cir. 2016) (requiring “conduct that can be reasonably inferred as  
14 demonstrating intent to enforce a patent.”)). The court found that T-Mobile’s conduct  
15 reasonably demonstrated its intent to pursue a breach of contract action. Accordingly, the  
16 court concluded that it had subject-matter jurisdiction over the declaratory judgment  
17 action.

18 Here, Apple rejected Qualcomm’s offer as non-FRAND and then brought this  
19 lawsuit alleging, among other things, that Qualcomm’s offer was non-FRAND. Apple  
20 has not unequivocally stated it will not pursue a stand-alone breach of contract action.  
21 The Court finds that the facts of this case evince a substantial controversy between the  
22 parties relating to FRAND commitments which are of sufficient immediacy and reality to  
23 justify declaratory relief. *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1382  
24 (Fed. Cir. 2007) (issuance of declaratory relief requires a substantial controversy,  
25 between parties having adverse legal interest, of sufficient immediacy and reality).

26 Qualcomm also seeks a declaration that Apple has engaged in conduct that  
27 constitutes unreasonable holdout behavior and demonstrate that it is an unwilling  
28 licensee. This determination will relieve Qualcomm of any further FRAND obligations

1 towards Apple. If Apple is found to have forfeited its rights to a FRAND license, then  
2 Qualcomm is not obligated to offer Apple a FRAND license to its SEPs. *See Microsoft*  
3 *Corp. v. Motorola, Inc.*, No. 10-1823, 2012 WL 395734, at \*4 (W.D. Wash. Feb. 6, 2012)  
4 (denying motion to dismiss a request for declaration that Motorola repudiated its right to  
5 a RAND license because relief sought by Motorola’s declaratory judgment action differs  
6 from any relief it may obtain by merely defending against Microsoft’s affirmative RAND  
7 claims). Ultimately, a favorable outcome on Qualcomm’s counterclaim will afford it  
8 additional relief that is not available should its defenses defeat Apple’s affirmative  
9 claims.

10 The Court concludes that it has subject-matter jurisdiction over Qualcomm’s  
11 declaratory judgment claim.

12 4. Whether the Court Should Decline Jurisdiction in Its Discretion

13 “In a case of actual controversy within its jurisdiction ... any court ... *may* declare  
14 the rights and other legal relations of any interested party seeking such declaration,  
15 whether or not further relief is or could be sought.” 28 U.S.C. § 2201(a) (emphasis  
16 added). The word “may” within the language of the Declaratory Judgment Act means  
17 that a court has discretion to accept a declaratory judgment action in the first place.  
18 *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 903 (Fed. Cir. 2008).

19 The discretion afforded to district courts to administer the declaratory judgment  
20 practice is broad. *Id.* at 287; *Sony Elecs., Inc. v. Guardian Media Techs., Ltd.*, 497 F.3d  
21 1271, 1288 (Fed. Cir. 2007). However, there must be a well-founded reason for  
22 declining to entertain a declaratory judgment action. *Capo, Inc. v. Dioptics Medical*  
23 *Products, Inc.*, 387 F.3d 1352, 1355 (Fed. Cir. 2004); *SanDisk Corp. v.*  
24 *STMicroelectronics, Inc.*, 480 F.3d 1372, 1383 (Fed. Cir. 2007). “When there is an actual  
25 controversy and a declaratory judgment would settle the legal relations in dispute and  
26 afford relief from uncertainty or insecurity, in the usual circumstance the declaratory  
27 judgment is not subject to dismissal.” *Electronics for Imaging, Inc. v. Coyle*, 394 F.3d  
28 1341, 1345 (Fed. Cir. 2005).

1       “Situations justifying exercise of the court's discretion to issue a declaratory  
2 judgment include ‘(1) when the judgment will serve a useful purpose in clarifying and  
3 settling the legal relations in issue, and (2) when it will terminate and afford relief from  
4 the uncertainty, insecurity, and controversy giving rise to the proceeding.’” *Id.* at 672-73  
5 (citing Borchard, *Declaratory Judgments*, 2d ed. 1941, 299). The Court will “decline to  
6 invest judicial time and resources in a declaratory action” that requests only piecemeal  
7 relief that does not resolve the disputes between the party in a worthwhile way. *Takeda*  
8 *Pharm. Co. v. Mylan Inc.*, 62 F. Supp. 3d 1115, 1126 (N.D. Cal. 2014).

9       Apple argues that even if the Court finds subject-matter jurisdiction, a declaratory  
10 judgment would be inappropriate because it would constitute a nonbinding, advisory  
11 opinion. Apple Mem. at 4. Qualcomm responds that the Court should resolve the  
12 parties’ uncertainty regarding their respective rights and obligations under the parties’  
13 contracts. Again, the Court agrees.

14       This case is similar to *HTC Corp. v. Telefonaktiebolaget LM Ericsson*, No. 6:18-  
15 CV-00243-JRG, 2018 WL 6617795, at \*7 (E.D. Tex. Dec. 17, 2018). There, HTC’s case  
16 centered on Ericsson’s conduct in refusing to offer a FRAND/RAND royalty and acting  
17 in bad faith, whereas Ericsson’s counterclaim focuses on HTC’s conduct, i.e. HTC has  
18 forfeited its rights to a FRAND license “by refusing to undertake good-faith  
19 negotiations,” among other things. *Id.* The court found resolving HTC’s claims would  
20 not necessarily moot Ericsson’s counterclaim. Moreover, while there was overlap  
21 between Ericsson’s defenses and its counterclaim, a favorable outcome on Ericsson’s  
22 counterclaim would afford it additional relief that was unavailable should its defenses  
23 defeat HTC’s affirmative case.

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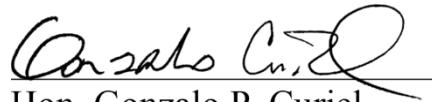
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1        Likewise, while Qualcomm's defenses overlap with its counterclaim, the  
2 counterclaim seeks additional relief, a declaration that Apple is an unwilling licensee, that  
3 will be unavailable in the event that Qualcomm defeats Apple's affirmative case.  
4 Consequently, the Court **DENIES** Apple's motion to decline to exercise jurisdiction over  
5 Count IV of Qualcomm's countercomplaint.

6        **It is so ORDERED.**

7        Dated: March 20, 2019

8          
9        Hon. Gonzalo P. Curiel  
10        United States District Judge

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